REFERENCES

Aufderheide, P. (1992). Cable television and the public interest. <u>Journal of Communication</u>, 42:1, 52-65.

Meyerson, M. (1987-88). The right to speak, the right to hear, and the right not to hear: The technological resolution to the cable/pornography debate. <u>University of Michigan Journal of Law Reform 21: 1 & 2.</u>

- U.S. House of Representatives. (1992). Cable Television

 Consumer Protection and Competition Act of 1992. Report 102862.
- U.S. House of Representatives. (1984). The Cable Communications Policy Act of 1984. Report 98-934.
- U.S. Federal Communications Commission. (1992, November 5).

 Notice of proposed rulemaking, In the matter of implementation of section 10 of the Cable Consumer Protection and Competition Act of 1992, MM Docket No. 92-258.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

)
TIME WARNER ENTERTAINMENT COMPANY, L.P.,))
Plaintiff,	
-against-	Civ. No
FEDERAL COMMUNICATIONS COMMISSION,	
and	
UNITED STATES OF AMERICA,	
Defendants.	
)	
AFFIDAVIT OF JOSEPH J. O	COLLINS
CTATE OF CONSECUTORS \	
STATE OF CONNECTICUT) SE:	
COUNTY OF FAIRFIELD	•

Joseph J. Collins, being duly sworn, deposes and states as follows:

1. I am Chairman and Chief Executive Officer of Time Warner Cable ("TWC"), an unincorporated division of Time Warner Entertainment Company, L.P. ("TWE"). I am a Managing Director of TWE, and prior to TWE's formation in the summer of 1992 I was Chairman and Chief Executive

officer of Time Warner Cable Group, an unincorporporated division of Time Warner Inc., which directed the operations of American Television and Communications Corporation ("ATC"), of which I was Chairman and Chief Executive Officer, and Warner Cable Communications, Inc. I have been involved in the cable industry for 20 years. I make this affidavit in support of TWE's motion for a preliminary injunction.

Background of Cable Television

even the primary, means of mass communication. The past 50 years have witnessed the development of vast new networks of electronic media for the dissemination of news, information and entertainment via television. In the first wave of the video revolution, broadcast television made possible instantaneous communication between broadcast television stations distributing their signals from terrestrial transmitting antennas and anyone within the station's transmitting range who owned a television set. In that era, most Americans had no more than three broadcast networks and a handful of independent stations, which provided homogenous programming to choose from. The programming was developed to suit the broadest cross-section of America. Indeed, a

former FCC Chairman termed television in this first wave the "Vast Wasteland".

- 3. In the second wave of that revolution, cable television systems, which transmit from 12 to more than 150 channels of video programming by means of coaxial and fiber optic cable, have made it possible to communicate a vast array of news, information and entertainment programming to persons within the system's service area who pay a fee to subscribe to cable. Today over 54 million people receive cable television.
- number of new programming services have been developed.

 These are typically distributed by means of satellite to cable operators and others, who in turn distribute such programming services to their subscribers. The cable revolution has made possible the development of both general entertainment programming services and more specialized services that present programming on such subjects as news, religion, financial information, government, law, education, music and minority affairs. Individual cable systems also create their own local programming services. For example, TWC's cable systems in the New York City area produce and offer to their subscribers a 24-hour local news service called New York 1.

- 5. In addition to cable, a number of other technologies, including home satellite dishes, videocassettes, video disks, satellite master antenna television ("SMATV") systems and multichannel multipoint distribution systems ("MMDS"), have been developed that compete with both broadcast and cable in communicating news, information and entertainment.
- 6. The cable industry itself is not "highly concentrated" by any customary economic measure (the ten largest multiple system operators ("MSOs") account for approximately 55% of all cable subscribers), and an effect of the increasing size of larger cable operators has been to enhance their ability to finance new programming ventures and thus increase the number of "media voices" that are available. Since cable television prices were deregulated by the 1984 Cable Act, no fewer than 40 new programming services have been launched, many of them financed in whole or in part by cable operators.
- 7. Cable operators, including TWC, select which programming sources to include in the array of programming they offer their subscribers. For example, cable operators must choose from among a vast array of programming services devoted to such subjects as news and political developments (C-SPAN I and II, Cable News Network, Consumer News and Business Channel), law (Courtroom Television Network),

religion (National Jewish Television, VISN), music (MTV, Video Hits-1, The Nashville Network), minority interests (Black Entertainment Television, Galavision), education (The Discovery Channel, Mind Extension University), sports (ESPN, Sportschannel) and general entertainment programming (USA Network, WTBS, TNT). In making such choices, cable operators exercise editorial discretion—the same type of discretion employed by newspaper editors in determining the content of a daily newspaper.

8. In addition, cable operators develop their own distinctive programming for distribution to their subscribers. For example, many of the programming services that characterize contemporary cable communications, including Home Box Office, Showtime, MTV, C-Span, Cable News Network and Headline News, were initially developed or substantially capitalized, in whole or in part, by cable operators, who created or invested in such services to enhance their ability to compete with traditional media such as broadcast television stations. In addition, individual cable systems create their own distinctive local news programming, as TWC has done with its New York 1 news service in New York City and with its local news services in other locations, including Ithaca and Rochester, New York and other local programming that is produced by many TWC cable systems.

9. Furthermore, many cable operators have produced their own video editorials. For example, TWC's predecessor produced a prize winning series of editorials for telecast on its systems. The series, entitled "American Viewpoints", examined many topical public policy issues. In addition, many TWC systems are very similar to local newspapers, offering national and local weather, local classified advertising, community bulletin boards and television channel listings. Furthermore, many national programming services, such as the Weather Channel and CNN, provide time for local insertions in their programming which TWC and other operators utilize.

Time Warner Entertainment Company. L.P. and Time Warner Cable

indirectly owned and fully managed by Time Warner Inc., a publicly traded Delaware corporation. TWE is comprised principally of three unincorporated divisions: TWC, which operates cable television systems; Home Box Office ("HBO"), which operates pay television programming services and which is more thoroughly discussed in the accompanying affidavit of Jeffrey Bewkes; and Warner Bros., which is a major producer of theatrical motion pictures and television programs.

Warner Bros. licenses its motion pictures for exhibition in movie theaters, on video cassettes and video disks and by

cable operator pays them a substantial fee. In addition, it is my opinion that only the most popular, influential and powerful stations will be in a position to elect retransmission-consent treatment. Such stations will attempt to extract substantial payments from cable operators for the right to retransmit their programming.

- C. The PEG Provisions of the 1992 and 1984 Cable
- 26. Section 611 of the 1984 Cable Act (codified at 47 U.S.C. § 531) permits municipal franchising authorities to require the cable operators they regulate to set aside channel capacity for public, educational or governmental ("PEG") uses (the "PEG provisions"). Section 7(b) of the 1992 Cable Act amends Section 621(a) of the 1984 Cable Act and permits franchising authorities to also require cable operators to provide "facilities" and "financial support" for PEG use. There is no statutory limitation upon the number of PEG channels that a franchising authority may require. Section 611 also provides, inter alia, that "a cable operator shall not exercise any editorial control over any public, educational, or governmental use of channel capacity".
- 27. Section 25 of the 1992 Cable Act expressly limits the portion of channel capacity that a direct broadcast satellite ("DBS") service must reserve for educational

or informational use. Only 4 to 7 percent of a DBS service must be reserved for such uses. In contrast, cable operators are subject to potentially limitless requirements.

D. The Leased Access Provisions of the 1992 and 1984 Cable Acts

- 28. Section 612 of the 1984 Cable Act (codified at 47 U.S.C. § 532) requires cable operators to set aside a substantial portion—up to 15 percent—of their channels for lease to unaffiliated programmers (the "leased access provisions"). Section 612 also provides, inter alia, that "a cable operator shall not exercise any editorial control over any video programming provided pursuant to this section".
- 29. As originally enacted, Section 638 of the 1984 Cable Act exempted cable operators from criminal and civil liability with respect to obscene matters that they were compelled to carry on PEG or leased access channels.

 Section 10(d) of the 1992 Cable Act amends Section 638 so as to eliminate this exemption from criminal and civil liability if a program "involves obscene material".
- operator is exposed to criminal prosecution or civil liability as to obscene programming created by others that the PEG and leased access provisions require the operator to carry. Section 10(a) of the 1992 Cable Act purports to resolve this problem with respect to leased access

programming by amending § 612(h) of the 1984 Act to permit a cable operator to prohibit or restrict indecent matter on leased access channels. This power does not extend to PEG programming. As to leased access programming, it requires the cable operator to risk civil liability to an aggrieved leased access programmer, or criminal or civil liability under obscenity laws, if its decisions on obscenity should later be determined to have been incorrect. As to PEG programming the operator cannot even attempt to protect itself from such liability.

- 31. Neither the 1992 Cable Act nor any other law imposes leased access requirements upon SMATV or MMDS systems, DBS operators or other providers of video programming.
 - B. Free Preview Restriction Provisions
- 32. Section 15 of the 1992 Cable Act provides that, if a cable operator wishes to provide a free preview of a "premium channel" to subscribers that do not subscribe to that premium channel, the operator must give notice of that preview to all its subscribers 30 days in advance, and block the channel carrying the premium service upon request of a subscriber. Section 15 defines "premium channel" as "any pay service offered on a per channel or per program basis, which offers movies rated by the Motion Picture Association of America as X, NC-17, or R." Accordingly, it

would appear that notice is required regardless of whether a particular preview contains such material, so long as the premium channel sometimes "offers movies rated by the Motion Picture Association of America as X, NC-17, or R" in programming not included in the preview.

- II. <u>Injury As a Result of the Must Carry</u>
 Provisions. PEG and Leased Access Provisions. and Free
 Preview Restriction Provisions
- 33. Implementation of the must carry provisions will cause irreparable injury to TWE in its capacity as a cable operator in at least the following respects:
 - a. The provisions will require cable systems of TWC to carry an average of approximately 8 commercial and noncommercial broadcast stations, some of which the cable systems certainly do not wish to carry. For example, in its Canton, Ohio system, TWC may be required to carry a religious broadcast station that it does not currently carry and does not wish to carry. And, in its Staten Island, New York system, TWC will be required to carry approximately 17 commercial stations, two of which are based in Bridgeport, Connecticut (which is located 70 miles away and has very little, if anything, in common with Staten Island). And in its Keene, New Hampshire System, TWC will not only be required to add 7 broadcast channels, but to

speech that TWC may not wish to carry to subscribers who may not wish to receive it, and they enable government officials to displace TWC's chosen messages with their own messages.

- 35. In addition, by subjecting providers of DBS service to far less stringent PEG requirements than cable operators are subjected to under the 1984 Cable Act, the 1992 Cable Act causes irreparable injury to TWC's cable systems by placing them at a competitive disadvantage by favoring DBS speech over TWC's. TWC is also placed at a competitive disadvantage because neither the 1992 Cable Act, the 1984 Cable Act, nor any other law requires other providers of video programming, including SMATV and MMDS systems and broadcast television stations, to provide PEG channels.
- 36. The leased access provisions compel TWC to publish the speech of others. These provisions expressly abrogate the editorial discretion of TWC's cable systems and force TWC to be identified with messages it does not wish to convey.
- 37. The provision of Section 10(d) of the 1992
 Cable Act which repeals the immunity from criminal and civil
 liability with respect to obscene programming carried on PEG
 and leased access channels causes irreparable injury to TWC
 by subjecting it to the risk of criminal and civil liability
 for programming created by others that it does not wish to

carry but is required by law to carry. The provisions of Section 612(h) of the Cable Act permitting TWC to prohibit or restrict obscene programming does not alleviate such injury in that they compel TWC to determine obscenity questions that even Federal courts regard as exceedingly difficult, and TWC remains exposed to criminal or civil liability if a court later disagrees with its determination. Further, these provisions provide no protection whatever as to obscene programming TWC may be required to carry on PEG channels. At least one TWC cable system has already been obligated to hire employees to screen programs for obscenity, even though it did not choose to offer these programs, and would prefer not to do so.

- 38. By compelling TWC to yield control of a substantial portion of its channel capacity to unaffiliated programmers, the leased access provisions irreparably injure TWC by impairing its ability to offer programming created by others or by itself that it would prefer to convey and that TWC believes its viewers would prefer and by limiting its ability to offer its own programming.
- 39. By permitting the FCC to regulate the price, terms and conditions of channel leases, the 1992 Cable Act irreparably injures TWC by subjecting it to regulation from which its non-cable competitors are exempt and by placing

business control of its communications assets in the hands of government officials.

- 40. Taken together, the must carry, retransmission consent, PEG and leased access provisions of the challenged legislation irreparably injure TWC by requiring it to relinquish editorial and business control of a substantial portion of the cable channels that enable it to communicate. The average TWC system has approximately 45 channels, is located in an area having approximately 8 local commercial and noncommercial broadcast stations and is required by franchise to provide approximately 2 PEG channels. The Cable Act, therefore, would require TWC to relinquish editorial and business control of over an estimated 30% of its channels (approximately 8 must carry channels, approximately 2 PEG channels and approximately 3.5 leased access channels).
- 41. The restrictions of Section 15 will make it more difficult and costly for TWC to offer free previews of premium services. I believe it will be very expensive to block such previews from objecting customers. Based upon my experience, I expect that, as a result of these burdens, some of TWC's cable systems will offer fewer free previews, and some might even stop offering them altogether. Because Section 15 might be construed to apply even if a particular preview contains no "movies rated by the Motion Picture"

Association of America as X, NC-17, or R*, I expect this to be true regardless of whether a particular preview contains such material. Therefore, Section 15 will have the likely effect of significantly inhibiting TWC's communications with its subscribers through free previews, to its irreparable injury. In addition, Section 15 discriminates against cable operators because it allows non-cable program distributors to promote their premium services without limitation. This places TWC and other cable operators at a competitive disadvantage.

The Exclusive License and Standardized Terms and Conditions Provisions

I. The Statutory Scheme

- 42. Section 19 of the 1992 Cable Act adds Section 628 to the Communications Act of 1934. Section 628 directs the FCC to prohibit cable programmers in which a cable operator has an attributable interest from entering into an exclusive agreement with any cable operator, except that if the programming is to be distributed to areas currently receiving cable, they may enter into such a contract if the FCC finds that it is in the "public interest".
- 43. Section 628 also directs the FCC to prohibit discrimination by a satellite cable programmer, in which a cable operator has an attributable interest, in the prices, terms, and conditions of sale and delivery of cable

structure that in combination discriminates against cable operators in the most harsh and intolerable manner.

Joseph J. Collins

Sworn to before me this

4th day of November, 1992.

State of Connecticut County of Fairfield

On this 4th day of November, 1992, Elyse Egleston, the undersigned officer, personally appeared Joseph J. Collins, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

ELYSE S. EGLESTON

Notary Public My Commission Expires Aug. 31, 1987

INTERMEDIA PARTNERS

RECEIVED

NOV 1 7 1992

T.C.C.E.

David G. Rozzelle General Partner

November 13, 1992

ţ

Sam Behrend
Executive Director
Tucson Community Cable Corp.
124 East Broadway
Tucson, AZ 85702

Dear Sam:

Pursuant to Section 10 of the Cable Television Consumer Protection And Competition Act of 1992, the immunity conferred on Tucson CableVision by Section 638 of the Communications Act for the carriage of obscene programming on public, educational and governmental access channels will been repealed as of December 4, 1992. Accordingly, our lawyers advise us that we face potential civil and criminal liability for any obscene material carried on Channel 12.

Therefore, I must reluctantly request that all programming which contains sexual, excretory or other behavior or depictions, or language which potentially may be offensive to the citizens of Tucson be sent to our system for screening before it is cablecast by TCCC over our cable system. Moreover, no live programming should be cablecast which contains such material. All such programming should be taped and sent to us for screening as outlined above. Failure to adhere to this request will result in legal action by us seeking to prevent reoccurrence.

I personally believe that the present arrangement between the City, TCCC and the system is the best way to operate a public access channel. That view is clearly not shared by our elected representatives and Tucson CableVision cannot permit itself to be liable for program content which is the exclusive province of a third party. I am hopeful you will understand the conundrum in which we find ourselves.

I will be in Tucson the week of December 7. I would like to meet with you during the week if you have the time.

CC:

Clayton Hamilton Brad Detrick, Esq. Alan Mutter Wendell Owen 21 /

David G. Rozzelle Chief Executive Officer,

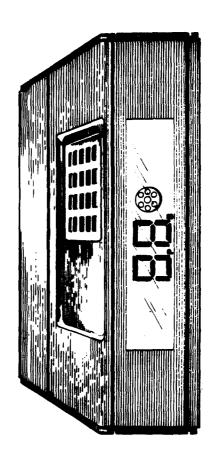
Cable Operations

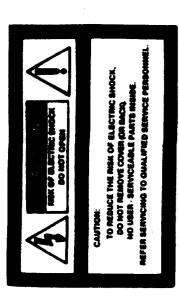
CUSTOMER

HANDBOOK

Jerrold IMPULSE 7000

Model DP71**, DPV72** and DPBB73**
Addressable Converters





Graphical symbols and supplemental warning marking located on bottom of converter.

WARNING: TO PREVENT FIRE OR SHOCK HAZARD, DO NOT EXPOSE THIS APPLIANCE TO RAIN OR MOIST.



The lightning flash with arrowhead symbol, within an equilateral triangle, is intended to alert the user to the presence of uninsulated "dangerous voltage" within the product's enclosure that may be of sufficient magnitude to constitute a risk of electric shock to persons.



The exclamation point within an equilateral triangle is intended to alert the user to the presence of important operating and maintenance (servicing) instructions in the literature accompanying the appliance.

This installation should be made by a qualified service person and should conform to all local codes.

REPAIR: If you find the unit in need of repair, contact your cable system operator for repair or replacement.

NOTE TO CATV SYSTEM INSTALLER:

This reminder is provided to call the CATV system installer's attention to Article 820-22 of the NEC that provides guidelines for proper grounding and, in particular, specifies that the cable ground shall be connected to the grounding system of the building, as close to the point of cable entry as practical.

IMPORTANT SAFEGUARDS

- READ INSTRUCTIONS All the safety and operating instructions should be read before the appliance is operated.
- RETAIN INSTRUCTIONS The safety and operating instructions should be retained for future reference.
- HEED WARNINGS All warnings on the appliance and in the operating instructions should be adhered to.
- 4. FOLLOW INSTRUCTIONS All operating and use instructions should be followed.
- 5. CLEANING Unplug this video product from the wall outlet before denning. Do not use liquid denners or seronol cleaners. Use a damp cloth for
- ATTACHMENTS Do not use attachments not recommended as they may cause bazards.
- 7. WATER AND MOISTURE Do not use this equipment new water for example, near a bath tuth, wash bowl, kitchen sink, or hundry tuth, in a wet bacenest, or near a swinning pool, and the like.
- 8. ACCESSORIES Do not place this video product on an unstable cart, stand, tripod, bracker, or table. The video product may fall, causing serious injury and serious change to the appliance. Use only with a cart, stand, tripod, bracker, or table recommended by the manufacturer, or sold with equipment. Any mounting of the appliance should follow the manufacturer's instructions, and should loss or a mounting accessory recommended by the manufacturer.
- 9. VENTILATION Stots and openings in the cabinet are provided for ventilation and to ensure reliable operation of the equipment and to protect it from overheating. The openings should never

- be blocked by placing the video product on a bed, soft, rug, or other similar sarface. Equipment should never be placed near or over a radiator or heat register, or in a built-in installation such as a boolcase or rack unless proper ventilation is provided.
- 10. POWER SOURCES This video product should be operated only from the type of power source indicated on the marking label. If you are not sure of the type of power supplied to your home, consult your local power company. For equipment intended to operate from battery power, or other sources, refer to the operating instructions.
- 11. GROUND OR POLARIZATION This equipment may be equipped with a polarized abternating-current line plug (a plug having one blade wider than the other). This plug will fit into the power outlet only one way. This is a safety feature. If you are unable to insert the plug fully into the outlet, try reventing the plug. If the plug should still fail to fit, contact your electricism to replace your obsolete outlet. Do not defeat the safety purpose of the polarized plug.
- ALTERNATE WARNINGS This oquipment may be equipped with a 3-wire grounding-type plag.

 a plug having a third (grounding) pin. This plug will only fit into a grounding-type power outlet. This is a safety feature. If you are unable to insert the plug into the outlet, contact your electrician to replace your obsolete outlet. Do not defeat the safety purpose of the grounding-type plug.
- 12. POWER-CORD PROTECTION Power supply cords about be roused so that they are not likely to be walked on or pinched by items placed upon or against them, paying particular astention to cords at plugs, convenience receptacks, and the point where they cut from the appliance.

ANTENNA
LEAD IN
WIRE

ANTENNA
DISCHARGE UNIT
(NEC SECTION \$10-20)

GROUNDING CONDUCTORS
(NEC SECTION \$10-21)

FIGURE 75.1
EXAMPLE OF ANTENNA GROUNDING

FIGURE 1

If an outside antenna or cable system is connected to the equipment, be sure the antenna or cable system is grounded so as to provide some protection against voltage surges and built-up static charges. Section 810 of the National Electrical Code, ANSI/NFPA No. 70-1984, provides information with respect to proper grounding of the lead in wire to an antenna discharge unit, size of grounding conductors, location of antenna-discharge unit, connection to

grounding electrodes, and requirements for the

grounding electrode. See Figure 1.

43. OUTDOOR ANTENNA GROUNDING --

NEC-NATIONAL ELECTRICAL CODE

14. LIGHTNING — For added protection for this equipment during a lightning storm, or when it is left unattended and unused for long periods of time, unplug it from the wall outlet and disconnect the antenna or cable system. This will prevent damage to the video product due to lightning and power-line surges.

ELECTRODE SYSTEM (NEC ART 250, PART H)

- 15. POWER LINES An outside antenna system should not be located in the vicinity of overhead power lines or where it can fall into such power lines or circuits. When installing an outside antenna system, extreme care should be taken to keep from touching such power lines or circuits as contact with them may be fatal.
- 16. OVERLOADING Do not overload wall outlets and extension cords as this can result in a risk of fire or electrical shock.
- 17. OBJECT AND LIQUID ENTRY Never push objects of any kind into this equipment through openings as they may touch dangerous voltage points or short-out parts that could result in a fire or electric shock. Never spill tiquid of any kind on the video product.
- 18. SERVICING Do not attempt to service this equipment yourself as opening or removing covers may expose you to dangerous voltage or other hazards. refer all servicing to qualified service personnel.
- 19. DAMAGE REQUIRING SERVICE— Unplug this equipment from the wall outlet and refer servicing to qualified service personnel under the following conditions:
- a. When the power-supply cord or plug is damaged.

- b. If liquid has been spilled, or objects have falle into the equipment.
- If the equipment has been exposed to rain water.
- d. If the equipment does not operate normally I following the operating instructions. Adjuously those controls that are covered by the operating instructions as an improper adjument of other controls may result in dama, and will often require extensive work by qualified technician to restore the equipment of its normal operation.
- If the equipment has been dropped or the cabin has been damaged.
- When the equipment exhibits a distinct chang in performance, indicating a need for service.
- 20. REPLACEMENT PARTS When replacement parts are required, be sure the service technician has used replacement parts specified to the manufacturer or have the same characteristic as the original part. Unauthorized substitutions maresult in fire, electric shock or other hazards.
- 21. SAFETY CHECK Upon completion of an service or repairs to this video product, ask the service technical to perform safety checks the determine that the video product is in propared operation condition.

TABLE OF CONTENTS

Operating Suggestions	1
Converter	3
Converter Controls	4
Converter Indicators	5
Remote Control and Channel Selection	6
Favorite Channel Operation	7
Sleep Timer Feature	8
Remote Control and Volume Control	9
Parental Control - Deactivation	10
Parental Control - Channel Selection	11
Parental Control - Activation	12
Parental Control - Choosing a Code	13
Parental Control - Changing a Code	15
Time Controlled Programming	16
Purchasing a Future Program or Event	19
Time Controlled Programming - Operating Notes	
and Suggestions	20
Remote Control and Battery Replacement	23
Accessing Impulse Services	24
Purchasing a Current Program or Service	25
The Purchase Code	26
Entering a Purchase Code	27
Changing a Purchase Code	28
Erasing a Purchase Code	29
Responding to an Opinion Poll	30
Error Codes	31

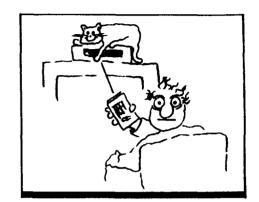
The material in this publication is for information purposes only and is subject to change without notice.

UPERATING SUGGESTIONS

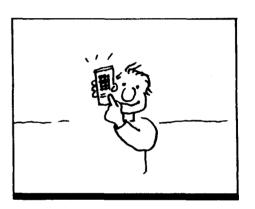


Your new IMPULSE 7000 converter features the latest technology applicable to cable TV viewing. These instructions were prepared to acquaint you with the operation of IMPULSE 7000. Please read this information carefully. It will help you to get the maximum enjoyment from this product and will give you a better understanding of its application for your cable TV system and your home video and audio system needs.

Aim the remote control directly at the converter. Be sure there are no obstructions between the remote control and the converter.



Press and release buttons one at a time, firmly and deliberately.



Be sure the TV set is tuned to the converter channel (CH 2, 3 or 4). Your cable installer will tell you which channel to tune.

